

## Message Text

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44

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 EB-07 OMB-01 TRSE-00 AID-05 PC-01 /078 W

----- 089939

R 281155Z MAY 75

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 1662

INFO AMEMBASSY BLANTYRE

AMEMBASSY DAR ES SALAAM

AMEMBASSY GABORONE

AMEMBASSY KINSHASA

AMEMBASSY NAIROBI

AMEMBASSY LONDON

AMCONSUL LOURENCO MARQUES

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EO 11652: N/A

TAGS: PGOV, PINT, ZA

SUBJECT: PRESIDENT CRACKS DOWN ON LEADERSHIP CODE VIOLATORS

REF: LUSAKA 0869

1. SINCE HIS RETURN MAY 8 FROM US AND CARIBBEAN, PRES KAUNDA HAS SEVERAL TIMES STRESSED HIS INTENTION TO CARRY OUT ZAMBIAN "REVOLUTION". HE BEGAN DAY OF HIS RETURN BY EXCORIATING CAPITALISM FOR ITS EXPLOITATION OF MAN BY MAN AND BY CASTIGATING ZAMBIANS FOR THEIR FAILURE TO IMPLEMENT PRES'S PHILOSOPHY OF HUMANISM (REFTEL). ALL THOSE LEADERS WHO HAVE NOT YET SURRENDERED THEIR PROPERTY IN ACCORDANCE WITH 1974 LEADERSHIP CODE WERE TOLD TO DO SO IMMEDIATELY OR GET OUT OF GOVT. IN SPEECHES SUBSEQUENT TO HIS RETURN, PRES HAS CONTINUED STRESS HIS INTENTION TO CLOSE GAP BETWEEN RICH AND POOR AND TO OPPOSE DEVELOPMENT OF ECONOMIC CLASSES IN ZAMBIAN SOCIETY. FOR EXAMPLE, AT MAY 10 BREAKFAST HONORING

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OUTGOING TANZANIAN HICOM KATIKAZA, PRES NOTED THAT ZAMBIA

AND TANZANIA FOLLOWING SIMILAR LINES IN WANTING NOT ONLY TO NARROW GAP BETWEEN HAVES AND HAVE-NOTS "BUT TO BRING ABOUT COMPLETE CHANGE".

2. ON MAY 27, WHEN ANNOUNCING OTHER CABINET AND PARTY CHANGES, PRES ALSO SAID HE HAD TAKEN ACTION UNDER ART 14 OF PARTY CONSTITUTION TO SUSPEND FROM ALL PARTY AND GOVT POSTS THREE OFFICIALS SUSPECTED OF NOT SUBMITTING TO PARTY LEADERSHIP COMMITTEE COMPLETE RECORD OF THEIR ASSETS. THOSE SUSPENDED PENDING COMPLETION OF INVESTIGATION ARE AMOCK PHIRI, CABINET MINISTER FOR NORTHWEST PROVINCE; GODFREY LAIMA, MP FOR KATUBA; AND KAFUE MP FRANCIS MATANDA. IN ANNOUNCING THESE SUSPENSIONS PRES URGED PUBLIC TO REPORT THROUGH APPROPRIATE PARTY CHANNELS AND WITHOUT FEAR OF VICTIMIZATION ALL CASES OF DISHONESTY OR OTHER VIOLATIONS OF CODE BY PARTY LEADERS AT ANY LEVEL. AT SAME TIME HE SOUGHT PUT HALT TO CURRENT PRESS CAMPAIGN IN WHICH TRADE UNION OFFICIALS AND OTHERS BEING QUOTED AS CASTIGATING UNNAMED PARTY LEADERS FOR CODE VIOLATIONS. PRES WARNED THAT SUCH PUBLIC MUDSLINGING MUST STOP SO THAT PARTY AND GOVT CAN GET ON TO MORE SERIOUS THINGS.

3. PRES INDICATED EVEN MORE STRINGENT ECONOMIC REFORMS WILL SOON BE FORTHCOMING. ANNOUNCING HIS ACCEPTANCE RESIGNATION OF CENTRAL COMMITTEE MEMBER JETHRO MUTTI TO GO INTO PRIVATE BUSINESS, PRES SAID HE HAD WARNED MUTTI THAT AFTER JUNE 30 UNIP NATIONAL COUNCIL MEETING, THERE WOULD BE NO ROOM FOR PRIVATE ENTERPRISE IN ZAMBIA. PRES INDICATED MUTTI AND OTHER LEADERS HAVE BEEN ENCOURAGED TURN THEIR ASSETS INTO "COOPERATIVES" FROM WHICH THEY WILL EARN THEIR LIVING WHILE "THEIR BRAINS WILL STILL BE AT SERVICE OF PARTY AND GOVT". IN ANSWER TO QUESTION FROM PRESS, PRES STRESSED AGAIN THAT PRIVATE ENTERPRISE WILL BE ABOLISHED AND MEANS OF PRODUCTION AND DISTRIBUTION PLACED IN HANDS OF WORKERS AND PEASANTS. LEADERSHIP CODE IS BEING AMENDED TO INCLUDE SPOUSES OF LEADERS AS WELL, THUS CLOSING LOOPHOLE WHEREBY MANY WELL-TO-DO LEADERS HAVE ALLEGEDLY TRANSFERRED PROPERTY EXCESS TO THAT ALLOWED BY CODE TO MEMBERS OF THEIR FAMILY.

4. BY MAKING EXAMPLE OF PHIRI AND TWO OTHERS, PRES HAS MADE CLEAR HIS DETERMINATION TO IMPLEMENT LEADERSHIP CODE WHICH LIMITED OFFICIAL USE

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BARS AN ESTIMATED 200,000 GOVT, PARTY, PARASTATAL, AND INSTITUTIONAL OFFICIALS AT ALL LEVELS FROM DRAWING OUTSIDE INCOME IN ADDITION TO THEIR OFFICIAL SALARY. IMPLEMENTATION OF CODE WAS ORIGINALLY SCHEDULED FOR SEPT 1974 BUT WAS POSTPONED UNTIL JUNE 13, 1975, APPARENTLY BECAUSE OF FAILURE OF MANY OF THOSE INVOLVED TO COMPLY WITH REPORTING THEIR OUTSIDE ASSETS AND LIABILITIES. AS LATE AS APRIL 18 PARTY SEC GEN GRAY ZULU ANNOUNCED THAT LITTLE MORE THAN 5,000

"LEADERS" HAD FILED NECESSARY DECLARATIONS AND HE WARNED OF GRAVE CONSEQUENCES INCLUDING DISMISSAL AWAITING THOSE WHO FAIL TO DO SO BY JUNE 13. WARNING THAT SHORTLY OPPORTUNITIES TO ENGAGE IN PRIVATE ENTERPRISE WILL ALSO BE RESTRICTED SHOULD HELP PERSUADE LAGGARDS TO COMPLY WITH CODE, TAKING ADVANTAGE IF THEY WISH OF LOOPHOLE OFFERED BY PRES TO THOSE WISHING TO ESTABLISH "COOPERATIVES". EVEN THEN, THEY MUST APPARENTLY CHOOSE BETWEEN DRAWING OFFICIAL SALARY OR BEING PAID BY COOPERATIVE.

5. COMMENT: DECISION FINALLY TO CRACK DOWN ON LEADERSHIP CODE VIOLATORS, AS WELL AS WARNINGS OF MORE RADICAL ECONOMIC REFORMS TO COME, SUGGEST ZAMBIA MAY BE ENTERING STAGE IN WHICH OFFICIAL RHETORIC ABOUT "IMPLEMENTING HUMANISM" AND "SOCIAL REVOLUTION" WILL BE REINFORCED BY CONCRETE ACTS. MORE DETAILS ABOUT THIS "REVOLUTION" EXPECTED TO BE FORTHCOMING WHEN UNIP NATIONAL COUNCIL MEETS END OF JUNE. MEANWHILE, PRES'S COMMENTS ABOUT ENDING PRIVATE ENTERPRISE ARE BOUND TO HAVE DISPIRITING AFFECT ON BUSINESS COMMUNITY, ESPECIALLY LARGE NUMBER OF EUROPEAN AND ASIAN EXPATRIATES. BUSINESSMEN ALREADY FEELING PINCH OF FOREIGN EXCHANGE SCARCITY AND WITHDRAWAL OF MANY IMPORT LICENSES. IMPLIED THREAT OF STILL WORSE TO COME MAY PERSUADE MANY SERIOUSLY TO CONSIDER PULLING OUT.  
MAY

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